tvo

Annual Report

2011-2012

Ontario Educational Communications Authority

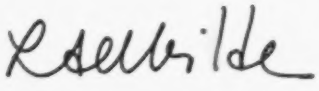
TRANSMITTAL LETTER

To: The Honourable Laurel Broten

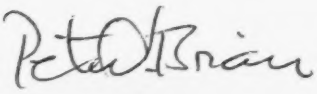
Minister of Education
Queen's Park

We take pleasure in submitting the Annual Report of the Ontario Educational Communications Authority for the fiscal year April 1, 2011, to March 31, 2012. This is done in accordance with Section 13 of the Ontario Educational Communications Authority Act.

Yours sincerely,



Lisa de Wilde
Chief Executive Officer



Peter O'Brian
Chair of the Board of Directors

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Mission

TVO is Ontario's public educational media organization and a trusted source of interactive educational content that informs, inspires, and stimulates curiosity and thought.

Vision

Empowering people to be engaged citizens of Ontario through educational media.

TVO uses its media resources to support the following policy priorities of the Ontario Ministry of Education:

Contribute to school readiness and help kids to be successful learners;

Increase the involvement of parents in their children's education;

Encourage active citizenship and public engagement;

Provide high quality distance education to Ontarians seeking to complete high school or acquire the GED.

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Again in 2011-2012, TVO offered educational content that is unique and unduplicated by any other broadcaster in Canada. This is what makes TVO relevant in today's crowded media landscape.

TVO is proud to push the boundaries of educational media and this year reached new heights and new levels of impact by leveraging digital technology to innovate and bring new value to the people of Ontario. Ontarians are more informed and engaged because of what TVO provides. That we are able to provide such a high quality educational experience to so many Ontarians, while being a small organization with a budget of $50 million, demonstrates the exceptional value for money that TVO delivers to the province's taxpayers.

TVO's educational content for kids sets the standard for educational media anywhere in the world. It helps equip 21st century learners and their parents for success in school and in life. TVO's programming for adults helps Ontarians better understand the issues shaping the province and the complex world around us. TVO's extensive media toolkit provides greater depth, context and engagement around these big issues than anywhere else in Canadian media.

TVO's digital strategy is allowing us to be more relevant than ever before. Digital enables a small organization like TVO to be nimble and to make an even greater impact. At TVO we aim high, and I'm proud of what we've been able to accomplish given a relatively modest budget for a media organization. For over four decades TVO has chronicled our collective history and helped educate generations of Ontarians. And now through the power of digital we're projecting Ontario's image to the world and providing even more Ontarians with a quality educational experience.

My colleagues on the Board of Directors and I commend Lisa de Wilde for her leadership in transforming TVO for the digital age. We would like to thank TVO's Regional Councillors' Advisory Board, who are an impressive network of committed people from all corners of the province, for all that they have done this past year to extend TVO's reach. We would also like to thank TVO's staff and leadership team for their hard work and dedication. The pace of change in the media industry over the last few years has been truly remarkable. By investing in our digital strategy, TVO is well positioned for today and the future.

I would like to thank Judy Blank and Ray Paradis, who have completed their terms as members of the Board of Directors, for their contributions to TVO and their commitment to serving the public good.

On behalf of the Board, I would also like to thank the Government for its support of TVO as a publicly owned educational media organization and the tens of thousands of Ontarians who support TVO through a charitable donation.

Peter O'Brian

Peter O'Brian

Message from the Chief Executive Officer

TVO exists to make Ontarians the smartest and best informed people in the world – helping kids succeed at school, helping people understand the world and building citizen engagement. We need the best and the brightest in order to be competitive in the global economy. And not only does public educational media have an important role to play in making Ontario competitive, it's also part of the intellectual infrastructure of a highly functioning democracy and it is a powerful force for good – it inspires, informs and engages. More than ever before we're using our digital toolkit to deliver unique educational content to the people of Ontario – on TV, online, and on mobile platforms.

For over four decades, TVO has been an important complement to Ontario's formal education system. Since 2006, TVO has transformed from a TV station to a multi-platform digital media organization thanks to the Ontario government's special one-time investment in digital technology. Today, TVO plays a valuable role in providing educators, parents and students with the toolkit they need to support young 21st century learners. We use this toolkit to spark and consolidate learning in three core areas of focus: math, science and literacy. And by providing an engaging experience with educational media we're also able to help kids build critical digital literacy skills.

TVO has a clear educational mandate. It's this educational mandate that keeps us relevant in today's media landscape. We're not trying to compete with other media organizations; in fact our strategy is fundamentally different. What we offer is unduplicated in the market. We produce much of the content in-house or commission it from independent producers.

In this year's Annual Report I'm pleased to share with you highlights from the year that show the impact TVO makes to the lives of Ontarians. Consumption of TVO's educational resources online and through streamed video has increased significantly, while TVO's broadcast numbers have remained steady. TVO reached over 10.8 million Ontarians aged 2+ on TV last year, and at the same time unique visitors to TVO's websites increased by 30% for TVO.org (to 1.6M unique visitors) and 35% for TVOKids.com (to 4.8M unique visitors). Video streams increased by 19% on TVO's websites and by 110% on the TVO YouTube channel. The increases in unique visitors and video streams are aided by the introduction of new websites for TVO.org and TVOParents.com. This points to new audiences and greater impact by TVO.

OISE research proves that TVO helps kids learn

Again this year, TVO proved why it's a world leader in educational media for kids. Our approach to content development is a rigorous process from concept through to completion. No other media organization makes the same kind of investment in our kids' education as TVO.

This evidence-based process is called the TVOKids Educational Blueprint. It ensures that every piece of made-at-TVO content supports a learning objective from the Ontario school curriculum. We work with some of the world's leading education experts and our own in-house educator to build an on air and online curriculum that supports a child's learning journey. Whether it's an online educational game, a mobile app or a program for broadcast, we test our content in classrooms with kids and teachers.

This commitment to quality is reflected in the fact that Ontarians rate TVO the "most trusted" and "most educational" media brand for kids in the country. TVO's reputation is even more impressive given the relatively modest budget for a media organization of $50 million (or $65 million including the Independent Learning Centre).

In addition to the TVOKids Educational Blueprint process, TVO has an ongoing relationship with the Ontario Institute for Studies in Education (OISE) at University of Toronto to test the effectiveness of

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our resources for kids and parents. In three separate studies, researchers at OISE, led by Dr. Janette Pelletier, have validated the significant educational benefits provided by the TVO digital toolkit of educational media resources. Simply put TVO's approach works: kids show significant improvements in learning outcomes when their education is enriched by TVO resources.

TVO supports parental engagement

Young minds have the best chance for success in school and in life when they are nurtured by active and engaged parents. That's why TVOParents.com is central to our educational offering to Ontarians. TVOParents and TVOKids work together to enrich the school experience with information and resources that are specific to the Ontario curriculum. They are part of what makes Ontario's education system so robust and a model for the world.

More educational apps for kids than any Canadian broadcaster

In 2011-2012 we also used our digital toolkit to develop educational apps in a variety of curriculum areas including math, science, literacy, geography and critical thinking. With 15 educational apps for kids, TVO now has more apps than any other broadcaster in Canada. Our tablet apps are unique in that they include information for parents on how the game supports the Ontario school curriculum, how to maximize the game's educational outcomes and "at home activities" for parents to engage their child in more learning.

Province-wide expansion of Homework Help

For high school students, the award-winning Homework Help service was expanded, making it available to 600,000 students in all 60 English school boards across the province. Homework Help provides online math tutoring for Ontario students in grades 7-10, combining live tutoring by teachers with rich digital media resources.

The Agenda with Steve Paikin builds citizen engagement

TVO's flagship current affairs program, *The Agenda with Steve Paikin*, is the gold standard for engaged debate and depth of analysis in Canada. The editorial team takes the approach that nothing is too complex to tackle. The format recognizes that complex topics take time to explain. In a world of sound bites and sensationalism, *The Agenda* is unique. The program is focused on the "why", not the "what". Why is a re-thinking of the structure of Ontario's economy needed? Why are there more mental health diagnoses now than in the past? Why do some Aboriginal communities live in sub-standard conditions? Why is innovation so important to economic success? These are issues that take time to unpack but they are critical to helping Ontarians understand the world. *The Agenda* gives Ontarians an opportunity to become informed, to assess different perspectives, and to make informed decisions about the big issues that are defining our world and province. This is the essence of being an engaged citizen.

I am proud of the unparalleled analysis of the issues that *The Agenda* team brought to the extended coverage of the 2011 provincial election. Our election analysis included *The Agenda* visiting Ottawa, Hamilton, Niagara-on-the-Lake, Sudbury and Mississauga over the course of 9 months. The result was the creation of a Citizens' Agenda – a series of questions drafted by Ontarians around the big issues of the election that *The Agenda* team then put to candidates in a series of debates. Your Vote 2011 also included a special microsite that was a hub for informed discussion and significant outreach on social media platforms.

TVO is proud that Steve's contribution to the province is being so aptly honoured by an Honourary Doctorate of Letters from Laurentian University and a Queen's Diamond Jubilee medal.

Expanding science and math literacy

Science and math are critical to the long-term economic success of Ontario. It is these areas that drive innovation and economic growth. TVO's five-year partnership with Canada's Perimeter Institute in Waterloo brings together two organizations committed to promoting science literacy to a broad audience and to making science accessible to all Ontarians. Through this partnership, TVO is able to access world-class expertise and the Perimeter Institute is able to have a platform to share their work to a much larger audience. TVOKids also plays an important role in getting kids excited and interested in learning about science and math and in inspiring them to take on careers in these fields. The countries that are successful in nurturing the next generation of innovators in science and math are the ones that will be best positioned for future economic growth.

Helping people understand the world

Documentaries spark debate and open people's minds to new perspectives and ideas. They help people understand the world. Without TVO's support of documentary filmmaking many films would simply not be made. Overall support for independent documentary filmmaking in Canada has been on the decline, as broadcasters shift to more reality-based programming. TVO is supporting and developing the next generation of filmmakers who tell important Ontario stories. TVO makes a significant contribution to the independent production industry in Ontario. TVO triggers funding to kids and documentary productions that amounts to over $25 million annually.

In March, TVO partnered with Canada Water Week to focus on water and water-related issues during Water Week. The week was anchored by the multiple award-winning TVO-commissioned documentary series *The Water Brothers*. The series follows real life brothers Alex and Tyler Mifflin as they travel the world on their quest to raise awareness around water-based issues like the threat of Asian carp in the Great Lakes. They are effective homegrown ambassadors for Ontario and for the important sustainability issues that they represent. Without TVO, *The Water Brothers* documentary, which has led to so much visibility for the issue, would not have been produced. Water Week is an example of what TVO does best, using digital to surround important issues with educational resources that inform people. The feedback from Water Week, and in particular *The Water Brothers* series, was tremendous.

Financial sustainability

We are committed to providing excellent value for money to the people of Ontario. We continue to make progress on the sustainability front, focusing on increasing self-generated revenues and reducing costs through increased efficiency and productivity.

As the media landscape has transitioned to digital, TVO has absorbed significant cost pressures while limiting increases in total expenditures to less than 1 percent on average over the last 5 years. To absorb these increases, TVO has become more efficient undertaking a significant streamlining of operations and reducing costs by more than $6 million. These efficiency savings have been reinvested to keep TVO relevant and to increase productivity and impact.

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Last summer analog over-the-air television reached the end of an era. The Canadian broadcasting industry made its official move from analog to digital over-the-air broadcasting on August 31, 2011. In a Canadian Radio-television and Telecommunications Commission (CRTC) mandated transition, over-the-air television spectrum converted to digital in mandatory markets in Canada, and TVO converted 9 Ontario markets to digital. This spring, we began to decommission TVO's remaining analog transmitters, a decision that will reduce our costs by $1.5 million annually.

On the revenue side, philanthropy represents a significant opportunity to build a sustainable financial model. TVO has therefore increased internal capacity to generate new donors and to cultivate stronger relationships with existing ones. TVO is focused on acquiring new monthly donors who, because of their on-going commitment, provide a solid financial foundation for the organization. For the first time in 5 years, the number of donors increased.

TVO is also experimenting with monetizing our content on new digital platforms. While revenues from digital platforms are a slow build for all media organizations, it's essential to be experimenting in this space and testing new revenue models. For example, TVO is generating advertising revenue on TVO's YouTube channels. Late in 2011-2012 we launched a new initiative with ClevrU, a Waterloo company, to offer TVOKids' content in the mobile phone market in China as a subscription service. ClevrU has created an educational platform for China Mobile's customers that provides TVO with the opportunity to repurpose existing kids content for an entirely new market. TVO is well-positioned for this type of opportunity because of our digital transformation and because of our reputation as a trusted source for educational content.

New CRTC Broadcasting Distribution Regulations that require cable or satellite distributors to obtain consent from a TV station such as TVO in order to distribute that station as a distant signal outside of Ontario offer a way to generate revenues from the sale of our service outside of Ontario. As a publicly funded agency of the Government of Ontario, we believe we have a responsibility to earn revenues from the sale of our service outside of our home province. TVO is pursuing compensation from several BDUs.

TVO punches well above its weight for a small organization, making tremendous impact and providing exceptional value for money to the taxpayers of Ontario, the equivalent of just over $3.00 per person per year. In a world where the internet has knocked down borders, TVO is a homegrown success story. TVO plays an important role in promoting Ontario's brand to the global community. In fact, 37% of visits to TVO's websites and 31% of video streams on TVO's websites and YouTube are from outside of Canada. Our high quality educational resources are accessed around the globe and send an important message about Ontario's place in the world - a place where you want to raise a family, set up a business or further your education.

Our digital transformation positions TVO well for the future. Moving forward, we need to leverage digital to the maximum in order for TVO to be the most efficient organization it can be. Digital allows us to make content once and distribute it to multiple platforms. It also allows us to continue to push the boundaries of educational media – an opportunity that we enthusiastically seize each and every day.

Lisa de Wilde

Performance Highlights 2011-2012

As part of TVO's strategic planning process, the Board of Directors has developed an operating plan that is divided into five strategic priorities:

- Public Engagement and Quality Educational Experience
- Great Place to Work
- Operational Effectiveness
- Innovation and Strategic Growth
- Financial Sustainability

The following section details TVO's progress against these priorities.

Public Engagement and Quality Educational Experience

TVO impact

TVO is making an impact in more ways than ever before – on air, online, on mobile and in the community. This diagram illustrates the ways that digital allows for an integrated educational experience for the citizens of Ontario across all of TVO's platforms.

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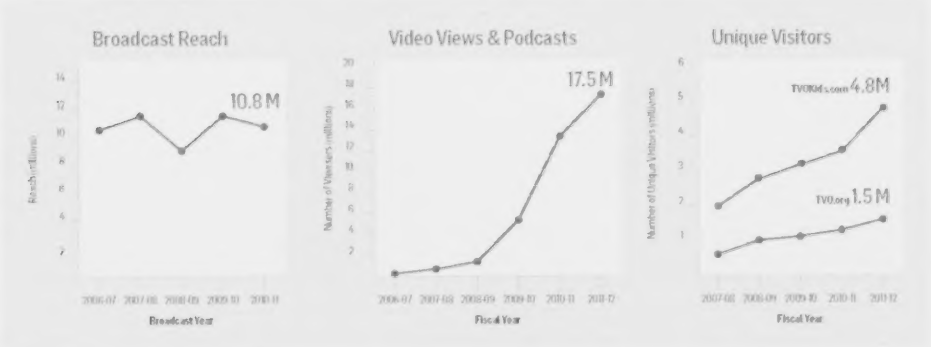
Again this year TVO experienced a significant increase in consumption of our educational resources online and through streamed videos and podcasts. TVO was able to accomplish this while our broadcast reach remained steady, a significant accomplishment in today's broadcast landscape.



Here are some of the highlights of TVO's impact on Ontarians in 2011-2012:

- Reached over 10.8 million Ontarians aged 2+ on TV.
- Reached 1.2 million Ontario children aged 2-11 on TV.
- Unique visitors to TVO's websites increased by 30% for TVO.org to 1.6 million and by 35% for TVOKids.com to 4.8 million.
- Video streams increased by 19% to 10 million on TVO's websites and by 110% to 4.3 million on TVO's YouTube channels.
- Podcast downloads of TVO-produced programming increased by over 9% to 3.3 million.
- TVO presented or participated in 166 outreach events in 43 Ontario communities.
- TVO produced 35 remote broadcasts or recordings in Ontario communities outside of the Greater Toronto Area (GTA).

Kids and parents

TVOKids supports the Ontario school curriculum and is tested in schools with kids and teachers. No other Canadian broadcaster makes this same commitment to learning and to the success of kids in school and in life. That's why Ontarians rate TVO as the "most trusted" and "most educational" media brand for kids in the country. TVOKids works with some of the best education specialists in the world to create content that addresses the Ontario school curriculum. As an expert in digital learning media, TVO contributes to teaching and learning in Ontario schools that prepares students to live and work successfully in the digital world. In 2011-2012, TVO's content strategy was again focused on the core subjects of math, science and literacy.

"The research clearly shows the link between the Literacy Fun for Families program, TVO programming on TV and online and positive learning outcomes for kids and parents. Children realized significant gains in reading, writing and phonological awareness while at the same time their parents made changes in their home practices to be more involved with their children's literacy development."

Dr. Janette Pelletier, Director
The Dr. Eric Jackman Institute of Child Study
at Ontario Institute for Studies in Education

"TVOKids Working Memory games appear to help improve children's memory and might also help a child's ability to self-regulate. Given the importance of working memory and self-regulation in the classroom, these evidence-based games appear to be one effective method for improving children's capacity to learn."

Zachary Hawes, Researcher
Ontario Institute for Studies in Education

Highlights from the year include:

- Ontario Institute for Studies in Education at the University of Toronto evaluated the effectiveness of our TVOKids resources:
    - OISE research on TVO's Literacy Fun for Families program showed that children who used TVOKids' educational resources made greater gains in reading, writing and phonological awareness when compared to those who did not. Parents who participated in the program became more engaged in their child's learning and changed their home literacy practices with their children.
    - OISE research on two new working memory games and apps found that kids who played them had significantly improved results on working memory tests including math and math-related skills. Working memory is related to how well children perform in school and is a predictor of educational attainment.
- Introduced the TVOKids Homework Zone, an online on-demand resource for kids and parents at homework time that features a suite of resources including videos, web exclusive content that focuses on math, science and literacy. TVOKids hosted a special Homework Zone where Teacher Troy answered kids' math questions both on air and online to help prepare kids for EQAO testing.
- Launched new educational apps that support the science, math, literacy and geography curriculum. TVO now has more educational apps for kids than any other Canadian broadcaster. TVOKids' educational apps for tablets also include information for parents on how the game supports the curriculum, how to maximize the educational outcomes and "at home activities" for parents to engage their child in more learning.
- Responded to the new financial literacy curriculum with resources that complement in-class learning including *Carney the Coin Counting Cat, This and That: Coin Spot* and *Tumbletown Tale$*.
- Continued our long-term partnership with Kids Help Phone using digital media to connect kids with a Kids Help Phone counsellor to build the skills necessary to address issues like bullying and relationships that impact their life at home and school.
- Partnered with other Ontario-based not-for-profits in order for TVO to leverage their expertise to develop specialized content and to broaden the reach of their organization including HIPPY Canada, Let's Talk Science, Ontario Science Centre and the Royal Ontario Museum.
- Awarded a Gemini for Best Children's or Youth Non-Fiction Program or Series for the TVO production *Mark's Moments*.
- Encouraged kids to lead active and healthy lifestyles with the Million Ways to Move Challenge. Kids across Ontario logged their "minutes of moving" and surpassed the goal of one million minutes by over a million.
- Tested over 20,000 smoke alarms through the "Push the Button" fire safety campaign ensuring kids and families are safe and their homes are properly protected.
- Reached out into the community with interactive learning events across the province including: *TVOKids' Don't Sit Still* tour; The Word On The Street literacy festival; the Earth Hour stage show at the Ontario Science Centre and the *Read with Gisèle* tour.
- TVOKids hosts Drew and Kara shared their love of reading with thousands of young students at the annual Forest of Reading festival.
- Promoted play-based learning to thousands of kids and parents at the Elementary Teachers' Federation of Ontario's Ultimate Block Party, including live stage performances with TVOKids hosts.
- Introduced Dalmar Abuzeid, a new TVOKids host in *The Space*.

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TVOParents.com is a hub for engaged discussion and sharing for parents about their children's education. The site is fully integrated with TVOKids.com and shows how TVOKids programs and games address the Ontario school curriculum. Highlights from the year include:

- Re-launched TVOParents.com with content organized around three themes: school and learning, health and development and social and emotional. The new site includes instructional videos developed with HIPPY Canada that are available in English, French, Cayuga, Farsi, Mandarin, Mohawk, Spanish, Tamil and Urdu.
- Recognized with the International Media Award for Best Parenting Blog.
- Participated in the People for Education's Annual Conference and Ontario Public School Boards' Association's Summit on Children and Youth Mental Health to help contextualize key learnings from these events for parents.

Adults

TVO helps people understand the world and offers high quality educational experiences for adults through made-at-TVO current affairs programs, documentaries, in-the-community events and interactive web applications. Highlights from the year include:

- Utilized TVO's entire digital toolkit to engage Ontarians in the political process through *Your Vote 2011* – a multi-platform suite of resources that provided the most in-depth analysis of the big issues surrounding the provincial election. *The Agenda on the Road: Your Vote 2011* series stopped in communities across Ontario to hear directly from citizens about the issues that mattered to them in the lead up to the provincial election. Stops included Niagara, Sudbury, Mississauga, Ottawa and Hamilton.
- Announced a five year partnership with Canada's Perimeter Institute to promote science literacy. Promoting science and math literacy is part of TVO's strategy because they are key to Ontario's long-term success and prosperity.
- Explored issues surrounding energy sustainability in partnership with the Waterloo Global Science Initiative's inaugural Equinox Summit: Energy 2030.
- Re-launched TVO.org as part of TVO's digital strategy to use media to engage Ontarians in the complex issues that define our province and our world. The site is organized around six content "channels" including, Politics and Current Affairs, Citizenship and Community, Science and Nature, Business and Technology, Parents and Education and Society and Culture.
- Partnered with Canada Water Week which is administered by the Walter & Duncan Gordon Foundation to bring programming and extensive online content focused on water and water-related issues. The week was anchored by the multiple award-winning TVO-commissioned documentary series *The Water Brothers*.
- Launched the TVO Doc Studio website and iPad app to showcase documentary filmmakers and their work and provide a learning community to support point-of-view filmmaking.
- Steve Paikin was named by Hill+Knowlton Strategies as Queen's Park most influential journalist on Twitter.
- Provided more opportunities for Ontarians to experience our educational content by initiating a series of screenings of TVO-commissioned documentaries organized by our volunteer Regional Councillors in 14 communities across the province.
- Introduced Piya Chattopadhyay as part-time host of *The Agenda with Steve Paikin* and as the new host of *Big Ideas*.
- Inside the Haiti Earthquake, the web-based companion site to the critically acclaimed TVO-commissioned documentary, won in the category of Transmedia at the 8th Annual Games for Change Festival.

"It's always a privilege to be on the best public affairs show in Canada."

Jeffrey Simpson, Columnist, The Globe and Mail (September 30, 2011, appearance on *The Agenda with Steve Paikin*)

"My 8 year old and I love your shows and we both find them very interesting. I will be using your programs in my grade 12 environment and resource management classes. Well done brothers."

Comment from *The Water Brothers* online chat on TVO.org

"Try an experiment this week: Take a look at the visually interesting but intellectually empty fare that mostly passes for the evening news on any commercial TV station. Then turn to TVO — a publicly funded, commercial-free TV station — for the evening talk show The Agenda, *in which host Steve Paikin engages guest experts in meaningful conversations about important public issues. They're just sitting around and talking, and talk like that can change your mind. It enables democracy. What it can't do is sell running shoes, cellphone plans and fragrance."*

Luisa D'Amato, Columnist, Kitchener-Waterloo Record (April 11, 2012)

The Independent Learning Centre

The Independent Learning Centre provided the highest quality distance education services to Ontarians seeking to complete high-school courses independently or acquire their GED. Highlights from the year include:

- Expanded the online math tutoring service, Homework Help, making it available to 600,000 students in all 60 public English school boards. Homework Help is a dynamic website that provides free online math help to Ontario students in grades 7 to 10.
- Welcomed a total of 19,484 unique students to the ILC.
- Increased unique web visitors by 14%, ending the year at 526,543.
- Increased enrolments by 6% ending the year at a total of 25,522.
- Supported adults needing credentials for employment and post-secondary entry with 5,187 GED test registrations.
- Collaborated with the National Gallery of Canada on the creation of videos for two high school art courses.
- Developed plans for a new generation of ILC online courses that will be mobile and device agnostic.
- Achieved revenue target representing 31% of the ILC operating budget.

Great Place to Work

TVO is building a high performance learning organization based on the values of excellence and innovation, ownership, collaboration, trust and respect. A key component is TVO's commitment to training staff to be successful in today's digital media environment. Highlights from the year include:

- Continued TVO's commitment to training and development of TVO's staff with a focus on increasing digital literacy and leadership skills.
- Enhanced the myTVO intranet site to enable interactive communication and effective collaboration between members of teams. MyTVO was recognized with two external awards:
    - Award of Merit in the category of Electronic, Digital & Interactive Communications from the International Association of Business Communicators (IABC) annual Ovation Awards.
    - Bronze in the category of Employee Communications Campaign of the Year at The Canadian Public Relations Society Toronto's annual Achieving Communications Excellence (ACE) Awards.

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Operational Effectiveness

In 2011-2012, TVO took advantage of the benefits of digital technology, providing more multi-platform content and streamlining internal processes. Highlights from the year include:

- Digitized over 4,800 hours of content from tape and field production into TVO's digital archive including some long lost treasures that are now available on TVO's Public Archive.
- Produced, archived and broadcast "tapelessly" over 400 hours of finished TV content and created 1,900 pieces of web-exclusive content.
- Automated the delivery of podcasts and videos to TVO websites and distribution partners such as YouTube and iTunes.
- Delivered over 8,700 separate podcasts and videos to TVO web properties and distribution partners such as YouTube, iTunes, BlackBerry, Yahoo! Canada, Rogers on Demand and Rogers on Demand Online.
- Converted to digital over-the-air transmission in 9 Ontario markets (Belleville, Chatham, Cloyne, Kitchener, London, Ottawa, Thunder Bay, Toronto and Windsor).
- Implemented a new streamlined contract and rights management system that allows TVO to effectively manage and secure multi-platform distribution rights for content.

Innovation and Strategic Growth

TVO's IdeaShaker Innovation Lab is the hub for new product and talent incubation as the organization experiments with how to monetize our content on existing and new digital platforms. TVO has a strategic partnership with Sheridan College's Interactive Multimedia post-graduate program that nurtures and develops new talent who are contributing to cutting-edge technology advances in public educational media. Highlights from the year include:

- Launched 11 new TVOKids educational apps in core curriculum areas including math, science, literacy and geography.
- Released TVO's *The Agenda with Steve Paikin* mobile app on BlackBerry App World, the Apple App Store, Google Play and the Windows Marketplace. *The Agenda with Steve Paikin* app delivers the program's videos, blogs and Twitter and Facebook feeds. The app also includes TVO's live broadcast TV schedule.
- Launched two apps in partnership with the TVO co-produced TV series *The Water Brothers* and *Jack*: Quench and Jack, respectively.

Financial Sustainability

Increasing self-generated revenues and increasing efficiency and productivity are essential for TVO's financial sustainability. In 2011-2012, TVO focused on maximizing revenues from our existing self-generated revenue streams (philanthropy and sponsorship, transmission revenues, sales and licensing of content), while testing new revenue streams on new digital platforms. At the same time, TVO was able to achieve gains in efficiency and productivity.

Philanthropy and sponsorship

As the most substantial part of self-generated revenues, philanthropy is fundamental to our financial sustainability. In 2011-2012, 39,724 Ontarians, including 103 TVO staff made a charitable donation to TVO, contributing $4.3 million to revenues, an increase of 5.7% over the prior year.

While the environment for charitable giving is very competitive in Ontario, TVO has been adopting fundraising best practices, increasing the level of stewardship, raising awareness that TVO is a registered charity and putting in place new programs to grow the base of annual donors, all in an effort to grow this revenue stream. Highlights from the year include:

- Introduced the TVO Producers' Club program to recognize monthly donors.
- Tested a face-to-face donor acquisition campaign to attract new monthly donors through street outreach, mall kiosks and door-to-door solicitations in select communities.
- Introduced new on-air TV spots that demonstrate the impact of TVO content and appeal to our viewers for financial support.
- Significantly enhanced the on-line giving experience on TVO.org for our one-time gift donors and monthly giving supporters.
- Introduced a Major Gifts program to increase the level of support from current and potential leadership donors.

For a full list of our corporate sponsors please see page 26.

Transmission tower rentals and maintenance revenues

In 2011-2012, TVO increased revenue associated with renting space on TVO's over-the-air transmission towers and providing transmitter maintenance services to other broadcasters. TVO was able to secure one-time revenues by managing the conversion of other Canadian broadcasters' transmitters from analog to digital and positioned TVO to generate revenues moving forward for servicing these new digital transmitters.

With the introduction of new CRTC Broadcasting Distribution Regulations in September 2011, TVO is now able to negotiate fees with satellite and cable operators (or BDUs) for the distribution of our television signal to their subscribers outside of Ontario.

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New digital revenues

While the media industry recognizes that digital revenues are a slow build, 2011-2012 saw the launch of a number of initiatives to monetize TVO content on digital platforms. Highlights from the year include:

- Generated advertising revenues on TVO's YouTube channels.
- Introduced pre and post roll messaging on all YouTube web videos to drive donations to TVO or offer TVO sponsors branding space.
- Negotiated a new venture with Waterloo-based company ClevrU to repurpose existing TVOKids content for sale to the mobile market in China, potentially a completely new revenue stream for TVO in 2012-13.
- Launched paid educational apps for both the iPad and BlackBerry Playbook.

Efficiency gains

At the same time, TVO examined its operations in order to identify efficiencies, and reinvested savings to support TVO's expanding breadth of multi-platform content. TVO conducted organization-wide "start-stop-continue" exercises to identify new opportunities to free up capacity, reduce costs and reinvest time in new initiatives. Examples of this undertaking include:

- Introduction of a production model for *The Agenda with Steve Paikin*, which cut the crew time in half and made more efficient use of production facilities and resources.
- Streamlined the 1-inch tape ingest process cutting the time spent in half while also streamlining the preview process in Master Control for repeat programming. These efficiencies meant TVO was able to ingest more high demand content.

Review of Financial Performance

For the fiscal year ended March 31, 2012 TVO experienced a deficiency as expenditures exceeded revenues by $892,000. This deficiency is in contrast to the surplus of $109,000 realized by TVO for the year ending March 31, 2011. This $1.0 million variance from 2011 to 2012 resulted from a 0.3% increase in revenues being offset by a 1.8% increase in operating expenditures.

Revenues

TVO revenues for the year ended March 31, 2012 were $64.7 million, an increase of almost $200,000 over the prior year.

Revenues from government funding of TVO operations decreased by $803,000, or 1.8%, from $43.7 million in 2010-2011 to $42.9 million in 2011-2012. The decrease in government funding reflects:

- A decrease of $468,000 in TVO operating grants.
- A decrease of $335,000 in capital project funding recognized as revenue. Government capital funding for the conversion of nine over the air transmitters increased from $1.0 million in 2010-2011 to $3.5 million in 2011-2012 as the total project funding of $4.5 million was received over two years. However, the majority of capital project funding is recognized as revenue over the estimated useful life of the assets purchased and much of this funding was deferred to future years (see note 12 of the Ontario Educational Communications Authority audited financial statements for more details).

TVO's self-generated revenues increased $1.3 million or 6.7% to $19.8 million for 2011-2012 from $18.5 million in 2010-2011. The increase in self-generated revenues reflects:

- An increase in Independent Learning Centre (ILC) revenues of $1.1 million, resulting from the province-wide expansion of the Homework Help program provided by TVO under contract for the Ministry of Education.
- An increase in other self-generated revenues of approximately $0.2 million resulting from increased donations, tower maintenance and interest income offset by small decreases in sponsorship, corporate project, tower rental and licensing revenues.

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TVO revenues resulting from the amortization of deferred capital contributions decreased $0.3 million from $2.3 million in 2010-2011 to $2.0 million in 2011-2012. This decrease in revenues reflects the timing of capital asset and broadcast rights purchased in the current and prior years as the funding cost of these acquisitions is amortized over the useful life or rights period of these assets.

Expenditures

TVO's operating expenditures increased from $64.4 million in 2010-2011 to $65.6 million in 2011-2012, an increase of $1.2 million. The increase in expenditures reflects an increase in ILC spending to deliver the expanded Homework Help program of $1.1 million and a $1.1 million increase in actuarial computed expenses for employee future benefit costs of TVO's pension plans and post-retirement benefits, net of savings of $1.0 million from TVO operations.

The $1.0 million in savings from TVO operations reflects a $1.6 million reduction in content and programming costs as increased expenditures in kids and adult programming acquisitions were offset by the lower amortization of broadcast rights in the current year – broadcast rights are amortized as a cost over the term of the rights to a maximum of four years and the amount of amortization is dependent upon the value of broadcast rights purchased in the current and previous four years. Savings in content and programming costs were offset by an increase in spending on technical and production support costs ($336,000), management and general costs ($327,000) and costs of self-generated revenues ($175,000), net of $165,000 in lower capital amortization costs.

Technical and production support costs increased as a result of the growth of digital viewing of TVO content including higher streaming and bandwidth charges for video content consumed on TVO's websites and mobile applications and the build out of a new contract and rights management system to assist TVO in managing content rights across multiple distribution platforms.

Management and general expenditures increased $327,000 as lease provisions caused rental costs to increase $203,000 and $125,000 in costs were transferred from content and programming as a result of a reorganization that provided for the streamlining of the TVO senior management structure.

Self-generated revenue costs increased $175,000 as TVO continued to build up its philanthropy and sponsorship teams and invest in the acquisition and stewardship of TVO donors.

Data Sourcing

Data for the 2011-2012 Annual Report is derived from the following sources:

	Statement:	Source:
Pages 9, 14	"TVO reached 10.8 million Ontarians aged 2+ on TV"	BBM Infosys, All Locations, Ontario 2+ Broadcast Year 2010-2011 (August 30, 2010 to August 28, 2011) Cumulative Reach 1 minute
Page 9	"TVO websites increased by 30% for TVO.org (to 1.6 million unique visitors)"	Google Analytics: Unique Visitors to TVO.org including TVOParents.com -April 1, 2011-March 31, 2012.
Page 9	"TVOKids.com increased by 35% (to 4.8M unique visitors)"	Google Analytics: Unique Visitors to TVOKids.com - April 1, 2011-March 31, 2012.
Pages 9, 14	"Video Streams increased by 19% on TVO's websites"	Brightcove analytics tool – April 1, 2011-March 31, 2012. Note: Brightcove is a third party vendor; data is reported in good faith. TVO has limited ability to audit the data Brightcove reports.
Pages 9, 14	"Video Streams increased by 110% on the TVO YouTube channel"	YouTube: Partner only uploaded content. April 1, 2011-March 31, 2012.
Pages 9, 14	"Ontarians rate TVO the 'most trusted' and 'most educational' media brand for kids in the country."	IPSOS Reid 2011 "Impact Study" N: 2,519. Closed Question: CBC, Disney Junior, Teletoon, Treehouse, YTV.
Page 14	"Reached 1.2 million Ontario children aged 2-11 on TV"	BBM Infosys, All Locations, Ontario C-2-11 Broadcast Year 2010-2011 (August 30, 2010 to August 28, 2011) Cumulative Reach 1 minute
Page 14	"Podcast downloads of TVO-produced programming increased by over 9% to 3.3 million"	Source: Sawmill: April 1, 2011-March 31, 2012.

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Gemini Awards

Best Children's or Youth Non-Fiction Program or Series:
TVOKids *Mark's Moments* – TVO production

TVO received a total of 13 Gemini Award nominations

The Interactive Media Awards

IMA Outstanding Achievement Award under the category of Education:
Homework Help website

PromaxBDA Promotion and Marketing Awards

Silver – Best Stunt Promotion: *Hawking at the Perimeter*

Silver – Best Behind the Scenes Promotion: *Allan Gregg – Go Public – Listen to This*

Silver – Best Interstitial "promotainment"/programs wraps campaign:
The Darwin Awards and Giants of Science

Canadian Marketing Association (CMA) Awards

Silver – Not-For-Profit/Fundraising/Public Service:
TVO's promotion for *The Tiger Next Door* Toronto office tower elevator

Atomic Awards

Silver – Print Engagement:
TVO's promotion for *The Tiger Next Door* Toronto office tower elevator

World Media Awards

Best Parenting Blog: TVOParents.com

Fire Safety Awards

Fire Marshal's Award for Excellence in Fire Safety:
Three TVOKids safety skits that educate young children about the risks of using matches and lighters and the importance of Stop, Drop and Roll and home fire escape planning.

Youth Media Alliance

• • •

Award of Excellence, Interstitials, All Ages category:
Gisèle's Big Backyard – TVO Production

• • •

Special Jury Award – Digital and Interactive Content:
TasteBudsTV.com – TVO Co-production

• • •

Award of Excellence, Best Convergent Interactive Content:
TasteBudsTV.com – TVO Co-production

• • •

Award of Excellence in All Genres, Ages 3-8 category:
The Ocean Room – TVO Co-production

City Parent's Readers' Selection Awards

• • •

Best Family TV Station

8th Annual Games for Change Festival

• • •

Excellence in Games for Change Transmedia:
Web-based simulation, *Inside the Haiti Earthquake* – TVO Co-production

International Pixie Awards

• • •

Pixie Gold Award: *The Prime Radicals: A Balancing Act* – TVO Co-production

Numix Award

• • •

Best Convergent Website Award: *The Mysteries of Alfred Hedgehog* – TVO Co-production

Kidscreen Awards

• • •

Best One-Off, Special or TV Movie in Pre-school category:
Dino Dan – TVO Co-production

MINT Film Festival

• • •

Raising awareness on environmental sustainability:
Green Heroes – TVO Co-production

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Individual Donors

We would like to extend our deepest thanks to our thousands of individual donors across Ontario, Canada and the United States. Ongoing financial support from individuals enables TVO to create innovative educational public media in Ontario—on TV, online, in mobile apps and through live events in your community. Thank you all.

Corporate and Community Supporters

TVO would like to acknowledge the support of our corporate partners whose sponsorship allows us to invest in innovative educational content that inspires kids so that they are ready and excited to learn, empowers people to be active and engaged in their communities and helps Ontarians gain a deeper understanding of the big issues and ideas that are impacting our province and our world. We couldn't do it all without you – many thanks.

- Henry's Camera
- Kidde Canada
- Ontario Public Health (EatRight Ontario)
- Rogers
- SunRype
- Institute of Chartered Accountants of Ontario
- Ontario Power Generation
- RIM
- Scholar's Choice
- TD Financial Group

TVO would like to recognize the following content and curriculum partners for their support:

- Aboriginal Hippy Canada
- Athletes for Africa & GuluWalk
- Bowmanville Zoo
- Boys and Girls Clubs of Canada
- The Canadian Children's Book Centre
- E-Learning Ontario
- Friends of the Greenbelt
- Jungle Cat World
- The Kingsway Conservatory of Music
- National Gallery of Canada
- Ontario Institute for Studies in Education
- Ontario Science Centre
- Perimeter Institute for Theoretical Physics
- Royal Ontario Museum
- Toronto Catholic District School Board
- The Toronto Zoo
- York Region District School Board
- YMCA
- Andrew Fleck Child Care Services
- Big Backyard Art Council
- Bowmore Rd Community Daycare
- Brampton-Georgetown Montessori School
- Early Years Centre, Ottawa South
- Family Day Care Services
- HIPPY Canada
- Kids Help Phone
- Let's Talk Science/Wings of Discovery
- Oakville Academy for the Arts
- Ontario Library Association
- Ottawa Early Years Centre
- The Royal Conservatory of Music
- Sheridan College Early Education Childhood Dept
- Toronto District School Board
- University of Toronto – Munk Centre for International Studies

Board of Directors

Peter O'Brian
President, Independent Pictures Inc. (Toronto)

Chair of the Board
(Audit & Governance Committees)
First term: November 1, 2005 – October 31, 2008
Second term: November 1, 2008 – October 31, 2011
Third term: November 1, 2011 – October 31, 2012

Diane Kelly
General Counsel, Queen's University (Kingston)

Vice-Chair
(Chair of the Governance Committee since February 26, 2009)
First term: May 30, 2007 – May 29, 2010
Second term: May 30, 2010 – May 30, 2013

Nana Barnor
Pediatrician, Humber River Regional Hospital (Toronto)

Member (Governance Committee)
First term: August 12, 2009 – August 11, 2012

Geetu Pathak
Chief Executive Officer, Milo (Toronto)

Member (Audit Committee)
First term: May 3, 2010 – May 2, 2013

Penny Eizenga
Producer, Dog-eared Productions Inc. (Toronto)

Member (Governance Committee)
First term: May 16, 2007 – May 15, 2010
Second term: May 16, 2010 – May 15, 2013

Judith Robertson
President and CEO, Belzberg Technologies Inc. (Toronto)

Member (Audit Committee)
First term: May 9, 2007 – May 8, 2010
Second term: May 9, 2010 – May 8, 2013

Kambiz Kazemi
Polar Securities (Toronto)

Member
(Chair of the Audit Committee since September 20, 2007)
First term: April 11, 2007 – April 10, 2010
Second term: April 11, 2010 – April 10, 2013

Members of the Board whose terms ended:

Judy Blank
Retired teacher (St. Catharines)

Member (Governance Committee)
First term: May 16, 2007 – May 15, 2010
Second term: May 16, 2010 – April 30, 2012

Ray Paradis
Retired teacher (Temiskaming Shores)

Member (Audit Committee)
First term: June 27, 2007 – June 26, 2008
Second term: June 27, 2008 – June 26, 2011

The honorarium paid to the Board in 2011-2012 was $28,768.25, including the part-time Chair.
This amount is based on levels of remuneration set by the Lieutenant Governor in Council.

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TVO's volunteer advisory network board, comprised of committed individuals from more than 30 communities around Ontario, is an integral part of the organization's community outreach, helping to deliver TVO's educational message to citizens across the province and providing valuable feedback on TVO programs and services. During 2011-2012, TVO welcomed 10 new members to the Regional Councillors Advisory Board.

David Allen, Etobicoke

Steve Andrusiak, London

Lesley Bell, Thunder Bay

Michael Borrelli, Hamilton

Calvin Bowry, Kingston

Janice Brant, Deseronto

Jorge Campos, Willowdale

Jae Chong, Richmond Hill

Keith Clingen, Martintown

Susan Code McDougall, Perth

Harley Collison, Ottawa

Angela Wei Djao, Toronto

Jean Foster, Windsor

Tony Gaspar, Manitouwadge

Carol Gottlob, Burlington

Art Grady, Port Elgin

Colette Grant, Rockland

Lori Guillemette, Dunchurch

Kem Hamid, Markham

David Holmes, Oakville

Margaret Howard, Leith

Thando Hyman, Scarborough

Sona Khanna, Oakville

Janis Lamothe, Manitouwadge

Eugene Lefrancois, Kaministiquia

Devon McKinnon Ottertail, Dryden

Mark Mannisto, Sudbury

Rick McCutcheon, Little Current

Andy Merchant, Thornhill

Lise Moore Asselin, Mattawa

Tamara Needham, Marathon

Christina Noël-Blazecka, Cochrane

Upali Obeyesekere, Toronto

Monika Osinska, Toronto

Kim Pirie-Milko, Kenora

Gary Rainbird, Sault Ste. Marie

Becky Rogers, Peterborough

Christopher Rous, Sault Ste. Marie

Margaret Sedgwik, Fort Frances

Stewart Wayne Sinclair, Chatham

Donna Smith, Noëlville

Sheila Soden, Cobourg

Marc St. Germain, Ottawa

John Storm, St. Catharines

Pam Wolf, Cambridge

Greg York, Mississauga

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OECA employees paid $100,000 or more in 2011-2012:

NAME:	POSITION:	SALARY	TAXABLE BENEFITS
AQUINO, EDNA	Controller	106,225.94	850.98
ARNOLD, CLARA	Vice President, Human Resources	171,050.02	1,307.54
CHAPELLE, NANCY	Managing Director, Content and Programming	167,175.84	8,725.60
CORINTHIOS, GISÈLE	Host/Producer	105,794.26	880.08
CROCKER, ROB	Chief Financial Officer and Vice President, Business Development	222,499.79	1,399.84
DE WILDE, LISA	Chief Executive Officer	267,066.00	1,399.84
DUNSKY, DAN	Executive Producer, *The Agenda*	148,257.41	1,159.08
ELLINGSON, PAT	Creative Head, Children's Media Content and Programming	155,369.58	1,214.98
IRWIN, SARAH	Managing Director, Independent Learning Centre	151,096.66	1,156.22
JANKOVIC, JANE	Supervising Producer	103,714.62	831.48
JONES, BRUCE	Director, Independent Learning Centre Interactive and Publication	123,620.62	965.90
KEHOE (JAVET), JILL	Vice President, Communications and Marketing	142,499.90	1,201.76
KRAMER, ERIKA	Vice President, Distribution Services	137,499.94	5,304.89
LAW, OLIVER	Head Internal Audit	100,591.49	806.26
LEBLANC, MARK	Director, Legal Services and Business Affairs	145,689.93	1,139.58
MACPHERSON, PAUL	Database Administrator	108,421.47	677.56
MALABAR, MARNEY	Executive in Charge of Production, The Space	102,590.12	823.16
MYERS, LAURA	Manager, Labour and Employee Relations	105,311.11	842.66
PAIKIN, STEVE	Host/Producer	295,028.71	4,789.67
RAYMENT, STEVE	Director, Communications and Marketing	133,250.00	1,119.82
ROHRER, JEFF	Director, Corporate Communications	100,515.43	790.92
SLIVINSKAS, TODD	Chief Technology Officer	163,350.04	1,248.78
SMITH, MICHAEL	Senior Director	104,823.19	857.34
SZEMBERG, WODEK	Producer/Director II	100,169.11	787.34
TRAMONTIN, MARA	Director, Program Business Management	137,734.26	1,077.96

Prepared in accordance with the *Public Sector Salary Disclosure Act, 1996*

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Management's Responsibility for Financial Statements

A letter from the Chief Executive Office on behalf of Management

Management's Responsibility For Financial Statements

The accompanying financial statements of the Ontario Educational Communications Authority have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of management. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to June 26, 2012.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. The Internal Audit Department independently evaluates the effectiveness of these internal controls on a periodic basis and reports its findings to management and to the Board of Directors.

tvo.org

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal controls. The Board reviews and approves the financial statements. The Audit Committee of the Board meets periodically with management, Internal Audit, and the Office of the Auditor General of Ontario to discuss audit, internal control, accounting policy, and financial reporting matters.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles. The Independent Auditor's Report, which appears on the following page, outlines the scope of the Auditor General's examination and opinion.

On behalf of Management:

Lisa de Wilde
Chief Executive Officer

2180 Yonge Street, Box 200, Station Q, Toronto ON, Canada M4T 2T1 t: 416.484.2600

Auditor's Report

A letter from the Office of the Auditor General of Ontario

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To The Ontario Educational Communications Authority
and to the Minister of Education

I have audited the accompanying financial statements of The Ontario Educational Communications Authority, which comprise the statement of financial position as at March 31, 2012, and the statement of operations, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Ontario Educational Communications Authority as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gary R. Peall, CA
Deputy Auditor General
Licensed Public Accountant

Toronto, Ontario
June 26, 2012

Suite 1530, 15th Floor
20 Dundas Street West
Toronto, Ontario
M5G 2C2
416-327-2381
fax 416-326-3812

B.P. 105, 15e étage
20, rue Dundas ouest
Toronto (Ontario)
M5G 2C2
416-327-2381
télécopieur 416-326-3812

www.auditor.on.ca

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Statement of Financial Position

As of March 31, 2012

($000s)	2012	2011
Assets		
Current Assets		
Cash and short-term investments (note 4)	17,470	14,913
Accounts receivable (note 4)	1,046	1,251
Prepaid expenses	844	750
Inventories	143	152
	19,503	**17,066**
Broadcast rights and production costs (note 8)	**16,550**	**15,820**
Accrued pension asset (note 5)	**1,887**	**2,126**
Investments held for Capital Renewal (note 6)	**6,566**	**5,596**
Net Capital Assets (note 7)	**15,805**	**16,857**
Total Assets	**60,311**	**57,465**
Liabilities And Equity		
Current Liabilities		
Accounts payable and accrued liabilities	9,453	8,966
Deferred revenue (note 9)	2,642	1,756
	12,095	**10,722**
Non-Current Liabilities		
Deferred capital contributions (note 10)	16,086	14,501
Employee future benefits (note 5)	10,349	9,622
Asset retirement obligation (note 7)	990	937
	27,425	**25,060**
Equity		
Invested in broadcast rights and production costs	16,497	15,668
Invested in capital assets	5,187	6,915
Restricted – Accrued pension asset	1,887	2,126
Unrestricted	(2,780)	(3,026)
	20,791	**21,683**
Total Liabilities and Equity	**60,311**	**57,465**

Commitments and Contingencies (notes 15 and 17).
See accompanying Notes to Financial Statements.

On behalf of the Board:

Chair

Director

Statement of Operations

For the year ended March 31, 2012

($000s)	2012	2011
Revenues		
Government operating grants (note 11)	42,908	43,376
Independent Learning Centre (note 16)	12,143	11,040
Other earned revenue (note 13)	7,529	7,290
Government and corporate project funding (note 12)	105	534
Amortization of deferred capital contributions (note 10)	1,999	2,266
	64,684	**64,506**
Expenses		
Content and programming	24,352	25,949
Technical and production support services	13,219	12,883
Independent Learning Centre (note 16)	11,105	10,113
Management and general expenses	5,980	5,652
Cost of other earned revenue (note 13)	2,978	2,803
Amortization of capital assets and accretion expense	4,558	4,723
Employee future benefits (note 5)	3,384	2,274
	65,576	**64,397**
(Deficiency)/Excess of revenues over expenses	**(892)**	**109**

See accompanying Notes to Financial Statements.

Statement of Changes in Equity

For the year ended March 31, 2012

($000s)	2012					2011
	Invested in Broadcast Rights and Production Costs	Invested in Capital Assets	Restricted Accrued Pension Asset	Unrestricted	Total	Total
Balance, beginning of year	**15,668**	**6,915**	**2,126**	**(3,026)**	**21,683**	**21,574**
Excess/(Deficiency) of revenues over expenses	(7,613)	(2,628)	(2,466)	11,815	(892)	109
Invested in assets during the year	8,442	900	-	(9,342)	-	-
Pension contributions	-	-	2,227	(2,227)	-	-
Balance, end of year	**16,497**	**5,187**	**1,887**	**(2,780)**	**20,791**	**21,683**

See accompanying Notes to Financial Statements

Statement of Cash Flows

For the year ended March 31, 2012

($000s)	2012	2011
Operating Activities		
(Deficiency)/Excess of revenues over expenses	(892)	109
Add/(deduct) non-cash items:		
Amortization of capital assets	4,504	4,831
Accretion expense	54	(108)
Amortization of deferred capital contributions	(1,999)	(2,266)
Amortization of broadcast rights and production costs	7,711	9,151
Pension expense	239	(1,016)
Post-retirement benefits	727	749
Loss/(gain) on disposal of capital assets	70	(92)
Net changes in non-cash working capital:		
Accounts receivable	205	(345)
Inventories	9	(2)
Prepaid expenses	(94)	192
Deferred revenue	886	382
Accounts payable and accrued liabilities	487	866
Cash provided by operating activities	**11,907**	**12,451**
Investing and Financing Activities		
Broadcast rights additions	(8,442)	(7,809)
Capital asset additions	(3,522)	(1,971)
Current year's deferred capital contributions	2,614	811
Proceeds from disposal of capital assets	-	3
Cash used in investing and financing activities	**(9,350)**	**(8,966)**
Net increase in cash position during the year	**2,557**	**3,485**
Cash and short-term investments, beginning of year	**14,913**	**11,428**
Cash and short-term investments, end of year	**17,470**	**14,913**

See accompanying Notes to Financial Statements

Notes to Financial Statements

March 31, 2012

1. AUTHORITY AND MANDATE

The Ontario Educational Communications Authority (the "Authority") is a Crown Corporation of the Province of Ontario that was created in June 1970 by the Ontario Educational Communications Authority Act. In accordance with the Act, the Authority's main objective is to initiate, acquire, produce, distribute, exhibit or otherwise deal in programs and materials in the educational broadcasting and communications fields. The Authority is licenced by the Canadian Radio-television and Telecommunications Commission ("CRTC") to broadcast English-language educational television programs. The broadcasting licence is subject to renewal by the CRTC and the current licence is for the period September 1, 2008 to August 31, 2015.

The Authority is a registered charitable organization which may issue income tax receipts for contributions. As a Crown Corporation of the Province of Ontario, the Authority is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Authority have been prepared by management in accordance with Canadian generally accepted accounting principles.

(b) Inventories

Maintenance supplies and media tapes are valued at cost where cost is determined on a first-in-first-out basis, net of an allowance for obsolescence.

(c) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized on a straight line basis over the following terms beginning the year following acquisition:

Capital Assets	
Building	30 years
Transmitters	17 years
Transmitter Monitoring Equipment	7 years
In House Technical Equipment	7 years
Leasehold Improvements	5 years
Computer Equipment	5 years
Office Furniture and Fixtures	15 years
Office Equipment	10 years
Vehicles	5 years

(d) Revenue Recognition

1. The Authority follows the deferral method of accounting for grants and contributions whereby restricted grants and contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants and contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
2. Revenue from grants and contributions restricted for the purchase of capital assets is deferred and amortized over the same period of use as the related capital asset.
3. Revenue from the licensing of program material is recognized when the program material is delivered.
4. Individual donations are recorded on a cash basis. Contributions from corporate sponsors are recognized when the contract is signed, except multi-year contributions that are recognized when the cash is received.
5. Revenue from sponsorship is recognized when the content is broadcast or webcast.
6. Student fees for courses offered by the Independent Learning Centre (ILC) are recognized as revenue at the time of enrolment. Registration fees for General Education Development (GED) are recognized at the time the test is taken by the registrants.

(e) Employee Future Benefits

The Authority accrues its obligations under employee defined benefit pension plans and the related costs, net of plan assets. The following policies have been adopted:

1. The cost of pension benefits and other post retirement benefits is determined by independent actuaries based on management's best estimate assumptions using the projected benefits method prorated on service.
2. Past service costs and any transitional asset or obligation are amortized over the expected average remaining service period of active plan members.
3. Actuarial gains (losses) are recognized to the extent that they exceed 10% of the greater of the accrued benefit obligation and the fair value of plan assets. Amounts recognized are amortized over the expected average remaining service period of active plan members.
4. The expected return on plan assets is based on the fair value of plan assets.

(f) Broadcast Rights and Production Costs

Broadcast rights and production costs are accounted for as follows:

- Current events and network promotion programs produced by the Authority are expensed in the year the costs are incurred.
- All other programs produced by the Authority and programs licensed under co-production, pre-buy and acquisition contracts are recorded at cost less accumulated amortization. Amortization is calculated on a straight line basis over the following periods:
    - Program licence acquired: term of contract
    - Program produced by the Authority: four years

(g) Financial Instruments

The Authority's financial instruments consist of cash, short-term investments including those held for capital renewal, accounts receivable, and accounts payable and accrued liabilities. Under Canadian generally accepted accounting principles financial instruments are classified into one of five categories – available-for-sale, held-for-trading, held-to-maturity, loans and receivables, or other financial liabilities. The Authority classifies its financial assets and liabilities as follows:

Notes to Financial Statements

March 31, 2012 *(continued)*

- Cash and short-term investments, including those held for capital renewal, are classified as held-for-trading and are measured at fair value. It is management's opinion that their carrying amounts approximate fair value because the investments are not exposed to significant interest rate, liquidity, credit, or currency risks (note 4).
- Accounts receivable are classified as loans and receivables and, due to their short-term maturities, it is Management's opinion that their carrying amount approximates fair value.
- Accounts payable and accrued liabilities are classified as other financial liabilities and, due to their short-term maturities, it is Management's opinion that their carrying amount approximates fair value.

(h) Asset Retirement Obligation

The Authority recognizes a liability for future decommissioning of its transmitter and low power repeat transmitter ("LPRT") facilities.

(i) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board (PSAB) has issued new accounting standards for government not-for-profit organizations. The Authority would be classified as a government not-for-profit (GNPO) as it meets the criteria to be a GNPO. PSAB will allow GNPOs to choose either the Public Sector Accounting (PSA) Handbook or the PSA Handbook supplemented by the inclusion of the 4200 series of standards (Sections PS 4200 to PS 4700) from the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting into the PSA Handbook. These standards are effective for the fiscal years commencing on or after January 1, 2012. The Authority will be selecting PSA plus the 4200 series of the PSA Handbook and will first report under these standards in its financial statements for the year ending March 31, 2013. The Authority is assessing the impact on the financial statements.

4. CAPITAL DISCLOSURES AND FINANCIAL INSTRUMENTS

Capital Disclosures

In managing capital, the Authority focuses on its liquid resources – cash, short-term investments, and investments held for capital renewal. The Authority's objectives are to have, at the minimum:

- Cash and short-term investments on hand sufficient to meet obligations that are due within the next 45 days.
- Capital renewal investments sufficient to meet approved expenditures from the capital renewal fund for the current fiscal year. The

Authority believes that these levels of liquid resources provide the flexibility to deal with any unexpected adverse developments and to take advantage of opportunities that may arise.

As at March 31, 2012 the Authority met these objectives.

The Authority does not take any significant risks in its investing activities. The Authority's Statement of Investment Policy and Procedures for Cash Balances stipulates that funds may only be invested in securities issued by or guaranteed as to principal and interest by any province of Canada or Canada or deposit receipts, deposit notes, certificates of deposit, acceptances and other similar instruments issued or endorsed by any chartered bank to which the Bank Act (Canada) applies and whose credit rating is at a minimum equivalent to DBRS' R-1 (middle) on short-term debt and DBRS' AA on senior debt. The Authority is not subject to any externally imposed capital requirements.

Cash and Short-term investments (including those held for capital renewal)

The Authority's investments consist of short-term, high-grade Canadian dollar instruments. Consequently, the Authority is not exposed to significant interest rate, liquidity, or credit risks.

Short-term investments including those held for capital renewal, mature within 365 days, and had an average yield of 1.9% (2011 - 1.2%). U.S. dollar cash totalled $127,000 (2011 - $280,000) and was not large enough at any time during the year to expose the Authority to significant currency risks. These amounts were converted to Canadian dollars using an exchange rate of 0.97 (2011 – 0.945).

Accounts receivable

Given the amount of Authority's accounts receivable and past experience regarding payments, management believes that the Authority is not exposed to significant credit risk. Accounts receivable consist of the following amounts:

($000s)	2012	2011
ILC earned revenue, donations, sales and licensing, tower rentals and transmitter maintenance fees	456	363
HST rebate	474	544
Private sector funding	11	7
Net receivable from OFECA	25	25
Others	80	312
	1,046	**1,251**

5. EMPLOYEE FUTURE BENEFITS

The pension and other post-employment benefit plans have the following components:

(a) Registered pension plans:

- Main Pension Plan - Most employees of the Authority are members of this plan, which consists of three elements – a non-contributory, defined benefit, best average earnings and years of service element; a contributory, defined contribution element; and a non-contributory, defined contribution element.
- Executive Pension Plan – Executives are members of this non-contributory, defined benefit, best average earnings and years of service plan.

Notes to Financial Statements

March 31, 2012 *(continued)*

(b) Supplementary retirement plan:

- Certain employees are members of this unregistered and non-contributory plan which funds the portion of pension entitlements in excess of the maximum allowed for registered pension plans under the federal Income Tax Act.

The pensions payable under the defined benefit plans are adjusted for inflation based on the consumer price index up to a maximum of 3% per year.

(c) Post-employment benefits plan:

- The Authority offers post-employment benefits such as health care, dental care, and life insurance on a shared cost basis.

The most recent actuarial valuation for funding purposes of the registered defined benefit pension plans was as of January 1, 2011, and the next valuation for funding purposes is no later than January 1, 2014.

Information about the Authority's pension and other benefit plans is presented in the following table.

	Registered Pension Plans		Supplementary Retirement Plan		Post-employment Benefit Plan	
($000s)	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Plan surplus/(deficit) as of January 1:						
Accrued benefit obligation	(108,705)	(96,387)	(775)	(553)	(13,117)	(11,161)
Fair value of plan assets	79,253	82,571	-	-	-	-
	(29,452)	(13,816)	(775)	(553)	(13,117)	(11,161)
Balance of unamortized amounts as of January 1:						
Net transition (asset)/obligation	(2,355)	(3,189)	-	-	415	553
Past service cost	295	398	39	64	-	-
Actuarial (gains)/losses	32,880	18,122	237	181	2,285	942
Contributions – Jan 1 to Mar 31	519	611	-	-	68	44
Accrued pension asset/(liability)	**1,887**	**2,126**	**(499)**	**(308)**	**(10,349)**	**(9,622)**

	Registered Pension Plans		Supplementary Retirement Plan		Post-employment Benefit Plan	
($000s)	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Disclosed in the Statement of Financial Position as:						
Accrued pension asset	1,887	2,126	-	-	-	-
Accounts payable and accrued liabilities	-	-	(499)	(308)	-	-
Employee future benefits	-	-	-	-	(10,349)	(9,622)
Expenses for the year:						
Defined benefit plan	2,466	1,380	183	137	727	749
Defined contribution plan*	405	392	8	8	-	-
Payments made by the Authority:						
Benefit plan premiums	-	-	-	-	291	175
Pension plan contributions*	2,632	2,788	-	-	-	-
Termination benefits paid	-	-	-	-	-	-
Payments made from all the plans as of January 1:						
Pension benefits paid	4,145	4,014	-	-	-	-
Termination benefits paid	1,376	1,338	-	-	-	-

* As a result of the January 1, 2011 actuarial valuation, additional contributions were made to the defined benefit plans. Total pension contributions to the Employee Plan and the Executive Plan of the Defined Benefit part was $2,227,000 (2011 - $2,396,000). Total cash contributions of $405,000 (2011- $392,000) to the Defined Contribution part of the registered plans were expensed and allocated to major functional groups.

Notes to Financial Statements

March 31, 2012 *(continued)*

The significant assumptions adopted in measuring the accrued benefit obligations and pension expenses are as follows:

	Registered Pension Plans		Supplementary Retirement Plan		Post-employment Benefit Plan	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Discount rate to determine the accrued benefit obligation	4.30%	5.20%	4.30%	5.20%	4.30%	5.20%
Discount rate to determine the benefit cost	5.20%	6.30%	5.20%	6.30%	5.20%	6.30%
Investment return	6.50%	6.50%	N/A	N/A	N/A	N/A
Pension indexation	2.50%	2.50%	2.50%	2.50%	N/A	N/A
Salary rate increase	3.50%	3.50%	3.50%	3.50%	N/A	N/A
Health cost rate increase	N/A	N/A	N/A	N/A	7.00%	7.50%
Dental cost rate increase	N/A	N/A	N/A	N/A	4.50%	4.50%
Average remaining service lifetime	11-12	11-13	10	11	13	13

The health cost rate increase assumption is expected to decrease to 5% by 2016.

Defined benefit plan assets as at January 1 measurement date consisted of:

	Percentage of Total Fair Value of Plan Assets	
	2012	**2011**
Asset category		
Equity securities	56%	56%
Debt securities	39%	39%
Real estate fund	5%	5%

6. INVESTMENTS HELD FOR CAPITAL RENEWAL

To ensure that the Authority's technical capital assets keep pace with technological changes and can be maintained or replaced when needed, the Capital Renewal Fund was established in 1984. The Authority has set aside up to 2% of the funding received as contribution to the Capital Renewal Fund. Available funds were invested in short-term deposits that earned an average interest rate of 1.1% (2010 – 0.6%) during the fiscal year. The changes in the fund were as follows:

($000s)	2012	2011
Balance, beginning of year	5,596	5,692
Digital Over The Air project funding – Ministry of Education	880	655
Master Control Rebuild project expenses – Ministry of Education	-	(268)
Digital Conversion project expenses – Ministry of Education	-	(538)
Interest earned	90	55
	6,566	**5,596**

7. NET CAPITAL ASSETS AND ASSET RETIREMENT OBLIGATION

Capital assets consist of the following:

			2012	2011
($000s)	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	186	-	186	186
Buildings	4,816	4,138	678	786
Transmitters	22,877	19,890	2,987	1,520
Transmitter monitoring equipment	5,520	4,586	934	218
In house technical equipment	29,825	22,930	6,895	8,363
Leasehold improvements	8,490	7,835	655	1,607
Computer equipment	8,531	6,310	2,221	2,774
Office furniture and fixtures	1,890	870	1,020	1,130
Office equipment	975	890	85	106
Vehicles	636	492	144	167
	83,746	**67,941**	**15,805**	**16,857**

Notes to Financial Statements

March 31, 2012 *(continued)*

Asset Retirement Obligation

The Authority recognized a liability for future decommissioning of its transmitter and low power repeat transmitter (LPRT) facilities. All LPRTs are situated on leased premises and, as these lease contracts may not be renewed, the Authority will recognize the full decommissioning expense by the end of the leases. In determining the fair value of its asset retirement obligations, the Authority discounted the associated cash flows at credit-adjusted risk free rates. The total undiscounted amount of the estimated future obligations is $990,000 (2011 - $992,000).

($000s)	2012	2011
Opening balance	937	1,136
Accretion expense	54	(108)
Retirement of LPRTs	(1)	(91)
Closing balance	**990**	**937**

8. BROADCAST RIGHTS AND PRODUCTION COSTS

Broadcast rights and production costs consist of the following:

			2012	2011
($000s)	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Broadcast rights and completed productions	36,752	22,790	13,962	13,878
Work in progress	2,588	-	2,588	1,942
	39,340	**22,790**	**16,550**	**15,820**

Amortization expense for the year was $7,711,000 (2011 - $9,151,000) and is included in Content and Programming expense.

9. DEFERRED REVENUE

($000s)	2012	2011
ILC - MED grant and provincial project funding (note 16)	2,319	1,099
Transmitter tower rental and maintenance	146	218
Sponsorship revenue	63	202
Corporate project funding (note 12)	53	152
Other	61	85
	2,642	**1,756**

Expenditures related to the above deferrals have been budgeted for the 2013 fiscal year.

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent contributions received for the purchase of capital assets and are recorded as revenue (amortization of deferred capital contributions) in the Statement of Operations when the related capital assets are amortized. The changes in the deferred contributions balance are as follows:

($000s)	2012	2011
Deferred capital contributions, beginning of year	**14,501**	**16,052**
Capital assets funded by Ministry of Education grant		
Master Control Rebuild and Digital Conversion projects	-	572
Digital Over The Air project	2,614	239
Project funding deferred to next year		
Digital Over The Air project (note 12)	1,535	655
Project funding deferred from prior year	(655)	(806)
Interest earned	90	55
Amortization of deferred capital contributions to revenue	(1,999)	(2,266)
Deferred capital contributions, end of year	**16,086**	**14,501**

The Canadian Radio-television and Telecommunications Commission (CRTC) required local television stations in certain areas to stop broadcasting in analog and start broadcasting in digital by August 31, 2011. As shown in note 12, the Authority received a $1 million grant from the Ministry of Education in 2011 to initiate the process of converting TVO transmitters located in Kitchener, London, Ottawa, Thunder Bay, Toronto, Windsor, Cloyne, Belleville, and Chatham into digital. An additional $3.5 million grant was received in 2012 to complete the process. As part of this process, the Authority will decommission the remaining 14 medium/high power analog transmitters and will cease transmission at these sites on July 31, 2012.

Notes to Financial Statements

March 31, 2012 *(continued)*

11. GOVERNMENT OPERATING GRANTS

($000s)	2012	2011
Provincial		
Ministry of Education		
Base grant	41,308	41,776
Capital maintenance grant	1,600	1,600
	42,908	**43,376**

12. GOVERNMENT AND CORPORATE PROJECT FUNDING

($000s)	2012	2011
Provincial project funding		
Ministry of Education		
Digital Over The Air	3,500	1,000
Funding deferred to future year (note 10)	(1,535)	(655)
Deferred capital contributions	(1,959)	(4)
	6	**341**
Corporate project funding		
Funding received during the year	-	7
Funding deferred from prior year (note 9)	152	338
Funding deferred to future year (note 9)	(53)	(152)
	99	**193**
Total government and corporate project funding	**105**	**534**

13. OTHER EARNED REVENUE AND COST

	2012			2011		
($000s)	**Revenue**	**Cost**	**Net Revenue**	**Revenue**	**Cost**	**Net Revenue**
Individual and corporate donations	4,838	2,946	1,892	4,873	2,672	2,201
Revenue from OFECA (note 18)	70	-	70	68	-	68
Tower rental and transmitter maintenance	1,496	-	1,496	1,532	-	1,532
Interest income and foreign exchange gain and loss	563	-	563	241	-	241
Sales and Licensing	299	32	267	314	131	183
Property tax rebate program for charities	252	-	252	255	-	255
Asset disposal	-	-	-	3	-	3
Others	11	-	11	4	-	4
	7,529	**2,978**	**4,551**	**7,290**	**2,803**	**4,487**

Notes to Financial Statements

March 31, 2012 *(continued)*

14. EXPENSES

a) Allocated Expenses

The Authority allocates certain general expenses to major activities on the following bases:

- Building cost – based on floor area occupied by the activity
- Cost of mailing, shipping and printing – based on usage

Total general expenses allocated to major functional groups are as follows:

($000s)	2012	2011
Content and programming	1,538	1,476
Technical and production support services	860	787
Independent Learning Centre	630	629
Management and general	631	618
Cost of other earned revenue	98	94
	3,757	**3,604**

b) Expenses by Type

The Statement of Operations reports on expenses by activity. Expenses by type during the fiscal year are as follows:

($000s)	2012	2011
Salaries and wages	29,170	28,260
Employee benefits	5,128	5,376
Employee future benefits	3,384	2,274
Licences and other	6,718	8,451
Facilities	5,082	4,892
Transportation & Communication	2,613	2,323
Other services	6,821	6,893
Supplies and equipment	2,102	1,205
Amortization of capital assets and accretion expense	4,558	4,723
	65,576	**64,397**

15. COMMITMENTS

The Authority has entered into operating leases covering transmission facilities, offices, warehouses and equipment. Future lease payments are as follows:

Year ending March 31 ($000s)	Head Office Space	Others	Total
2013	1,323	1,120	2,443
2014	1,373	955	2,328
2015	1,362	912	2,274
2016	1,307	639	1,946
2017	1,307	337	1,644
2018 and beyond	14,774	204	14,978
	21,446	**4,167**	**25,613**

The lease of head office space expires on August 31, 2027

16. THE INDEPENDENT LEARNING CENTRE

Under the terms of an agreement with the Ministry of Education and the Ministry of Training, Colleges and Universities, the Independent Learning Centre (ILC) was transferred to the Authority in 2002.

The ILC provides a wide range of distance education courses, in English and in French that allow adults to earn secondary school diploma credits, upgrade their basic skills, or study for personal development. It also supports children who may not be able to access elementary day school programs. The General Education Development (GED) testing is also available through the ILC.

Notes to Financial Statements

March 31, 2012 *(continued)*

Funding for these activities includes a grant from the Ministry of Education and ILC earned revenues. The portion of the grant that has been identified for specific projects is deferred until the related expenses have been incurred.

($000s)	2012	2011
Activities were funded by:		
Ministry of Education ILC grant	6,421	6,421
Homework Help project	4,000	2,320
Funding deferred from prior year (note 9)	1,099	406
Funding deferred to future year (note 9)	(2,319)	(1,099)
ILC grant and project funding recognized	**9,201**	**8,048**
ILC earned revenues	2,942	2,992
Total ILC grant, project funding and earned revenue	**12,143**	**11,040**
Expenses during the year:		
Salaries and benefits	7,738	7,293
Transportation and communication	442	602
Services	1,876	1,095
Allocated general expenses (note 14)	630	629
Licences	264	293
Supplies, equipment and others	155	201
Total ILC expenses	**11,105**	**10,113**
ILC contribution to overhead	**1,038**	**927**

Direct expenses related to the funding deferred to future year have been budgeted for the 2013 fiscal year.

17. CONTINGENCIES

Contingencies refer to possible legal claims that have been made by or against the Authority, the ultimate outcome of which cannot be predicted with certainty. Management does not expect that the outcome of the claims against the Authority will have a material and adverse effect on its results and does not believe any provisions for losses are necessary at this time. No amounts have been recognized in the accounts for claims made by the Authority. Any settlements will be accounted for at the time of settlement.

18. RELATED PARTY TRANSACTIONS

The Authority is a Crown Corporation of the Province of Ontario and is therefore a related party to other organizations that are controlled by or subject to significant influence by the Province. During 2012, the Authority received revenue for transmitter maintenance services and expense reimbursements from the Ontario French-language Educational Communications Authority (OFECA). In addition to its transactions with the OFECA, the Authority received sponsorship revenue from other related parties and revenue from Ontario school boards for Independent Learning Centre (ILC) course fees and sales of educational materials. These transactions were recorded at exchange amounts agreed to by the related parties.

Non-grant revenue received from related parties during the year are as follows:

($000s)	2012	2011
School boards	1,127	1,099
Provincial ministries	-	124
OFECA (note 13)	70	68
Others	135	165
	1,332	**1,456**

In addition, OFECA reimbursed $89,000 (2011 - $73,000) to the Authority for satellite telecommunication, utilities and other charges. Amounts receivable from OFECA as of March 31, 2012 totalled $25,000 (2011 - $25,000).

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